Despite numerous external factors impacting the credit cards industry in Australia, activity on our marketplace are showing signs of recovery as we approach the Holiday season.

Interest for point reward programs remain for our users, despite the immediate restrictions on air travel. Query volumes focusing around low cost credit cards are also rising.

Users researching within the Microsoft Search Network make decisions fast, highlighting the importance of maintaining high presence in the auction.
Given disruptions to the Australian Credit Card industry, we can observe a gradual recovery in spending habits.

1. There has been a huge reduction in amount of personal debt, down 16% on an annualized basis, with Credit Card debt down 8%.

2. Existence of Buy Now Pay Later (BNPL) models is shifting consumer behaviours. The impact would be quite low, however, given the difference in volume of sales and transactions and is skewed towards consumers under 30.

3. The value of credit card transactions in Australia have shown strong recovery since the month of April and looks on track to rise into the Christmas spending season, given the historical seasonality of months October to December.

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INDUSTRY TRENDS

1. SMH, "COVID killing credit cards and cheques as cash hangs on". Sep 7, 2020.
2. AFR, "Afterpay shown Millennials the new force in markets". Jan 18, 2019.
3. RBA payments data, C1: Credit and Charge Cards – Seasonally Adjusted Series updated till July 2020.
While searches have remained steady throughout lockdown, click volumes have begun recovery

Key observations

1. Searches within the Microsoft Search Network have remained relatively steady throughout the period, despite external disruptions such as rising unemployment, buy now pay later models, reduced spending habits due to lockdown

2. Click volumes have recently shown healthy recovery growing +84% over 8 weeks from July 25th through September 12th

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Data Source: Microsoft internal data | Credit Cards | Jan – Sep 2020 | Searches and Clicks | All Devices | O&O Core
Low cost per clicks (CPCs) year-to-date coupled with a high click through rate (CTR) marks potential for increased return on investment.

*Overall banking refers to the categories within our Microsoft Search Network including Loans, Banking Services, Financial Planning Services, Credit Cards, Debit Cards, Bank Accounts, etc and excludes the Insurance categories.

Data Source: Microsoft internal data | Credit Cards | Jan – Sep 2020 | CPC and CTR | All Devices | O&O Core
The heightened level of activity in the weeks approaching Christmas highlights key opportunities for brands to capture customer intent.

November is fast approaching and historically searches and clicks begin to pick up with clicks peaking at ~50% higher than the year-round weekly average.

**Go-do:** Ensure adequate investment to take advantage of this high-volume period, as users research to find the most value amongst the various offerings.
Despite the current restrictions on flights within Australia, our users have maintained steady growth in interest towards “rewards”

“rewards” clicks (indexed) and % of all credit card clicks by month

2. Clicks indexed to volumes in April.

*Remaining September volumes were forecasted based on current September performance.

Data Source: Microsoft internal data | Credit Cards | Apr – Sep 2020 | Search volume | All Devices | O&O Core
“no frills” queries has seen good recovery throughout September*, marking renewed interest in economic, low fee/rate offerings.

*Remaining September volumes were forecasted based on current September performance.

1. “No frills” refers to queries containing “interest free”, “low interest rate”, “no annual fee”, “cheap”, “no interest/fee”, “low fee”, etc.
2. Clicks indexed to volumes in April.

*Data Source: Microsoft internal data | Credit Cards | Apr – Sep 2020 | Search volume | All Devices | O&O Core
As a result of COVID-19 and lockdown, we have seen a shift in interest towards the older age groups, particularly for ages 50+

**Searches breakdown**
by age group as % of all ages, pre vs. post lockdown

**Clicks breakdown**
by age group as % of all ages, pre vs. post lockdown

Data Source: Microsoft internal data | Credit Cards | Jan – Aug 2020 | Search volume | All Devices | O&O Core
Victoria has seen a surge in clicks, rising in state click share to 31% in August

Searches breakdown by state as % of Australia, pre vs. post lockdown

<table>
<thead>
<tr>
<th>State</th>
<th>January</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>38%</td>
<td>36%</td>
</tr>
<tr>
<td>Queensland</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>South Australia</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Victoria</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Western Australia</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Clicks breakdown by state as % of Australia, pre vs. post lockdown

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<thead>
<tr>
<th>State</th>
<th>January</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>36%</td>
<td>32%</td>
</tr>
<tr>
<td>Queensland</td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td>South Australia</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Victoria</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Western Australia</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Data Source: Microsoft internal data | Credit Cards | Jan – Sep 2020 | Search volume | All Devices | O&O Core
On Credit Card searches, females have risen to an equal split with males, though clicks have skewed more towards males.

Data Source: Microsoft internal data | Auto Insurance | Jan – Aug 2020 | Search volume | All Devices | O&O Core

Searches breakdown
by gender as % of total, pre vs. post lockdown

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>47%</td>
<td>50%</td>
</tr>
<tr>
<td>Male</td>
<td>53%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Clicks breakdown
by gender as % of total, pre vs. post lockdown

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Male</td>
<td>53%</td>
<td>51%</td>
</tr>
</tbody>
</table>
The user search journey
Introducing methodology and sample size

**Methodology**

**Query path analysis:**

1. Trace back the search journey from the users’ conversions on Microsoft Search Network. A journey is defined by the searches performed by a user before reaching a conversion.
2. Conversion data is based on Universal Event Tracking setup, and contains both paid and organic data.

**Sample size**

**Time range:**

Journeys that began and ended within:

- May 1\(^{st}\) – July 30\(^{th}\), 2020

**Number of searchers:**

- 6,200~

**Number of search queries captured:**

- 12,000~

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**User Journey Insights**

1\(^{st}\) Search | Middle stage | Conversions

Research | Decision

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Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic
Over 2 in 3 of conversions happen after just 1 search

High prevalence of short journeys makes it critical to be in the auction when customers enter the purchase funnel

Length of journey by searches
Split by % of all journeys

Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic
For single touchpoints, 4 out of 5 are brand queries, 2 in 5 users are within ages 35-49, and almost 3 in 5 users are male.
Users tend to stick to one distinct brand, but for those who consider more than 1 brand, **4 out of 5 times** they convert on a different brand. **Remarketing Audiences** is crucial to ensure you don’t lose your customer.

**USER JOURNEY INSIGHTS**

88% of search journeys with at least two distinct brands convert on brands different to the initial brand.

Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic
Generic searches play a key role towards the end of longer journeys

For the journeys that were longer than a single search, 3 in 10 conversions contained a generic query in the last 2 searches.

**Length of search path**
- 66% Single Touchpoint
- 34% 2+ Queries

**Last 2 searches for longer paths**
- Generic > Generic: 20%
- Generic > Brand: 8%
- Brand > Generic: 3%
- Brand > Brand: 69%

% of all longer path conversions

Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic
1. **Ensure adequate investment** as we approach the high volumes in the holiday shopping season.

2. Where possible, **tailor your ad copy** to promote and highlight low fees and rewards programs.

3. **Fight for presence in the auction**, as over 66% of user journeys convert within a single touchpoint.